

PRINCE ALBERT

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2013

PRINCE ALBERT LOCAL MUNICIPALITY

Index

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of Comparison with Budget - Statement of Financial Position	7
Statement of Comparison with Budget - Statement of Financial Performance	9
Statement of Comparison with Budget - Cash Flow Statement	11
Accounting Policies	13 - 42
Notes to the Financial Statements	43 - 74

APPENDICES - Unaudited

A Schedule of External Loans	75
B Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	76

PRINCE ALBERT LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Prince Albert Municipality includes the following areas:

*Prince Albert
Klaarstroom
Leeu Gamka*

MUNICIPAL MANAGER

Mr. H Mettler

CHIEF FINANCIAL OFFICER

Mr. J Neethling

REGISTERED OFFICE

*Private Bag X53
PRINCE ALBERT
6730*

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA, Prince Albert

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

AUDIT COMMITTEE MEMBERS

A.B.J. Dippenaar
D.S.Rennie
P.J. Theron
J.C. van Wyk

PRINCE ALBERT LOCAL MUNICIPALITY

MEMBERS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

COUNCILLORS

Ward	G Lottering
Ward	ND Jaftha
Ward	NS Abrahams
Ward	IJ Windvogel
Proportional	CD Bower
Proportional	AL Rabie
Proportional	C Stols

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 74 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. H Mettler
Municipal Manager

Date

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	Restated 2012 R
NET ASSETS AND LIABILITIES			
Net Assets		67,832,135	65,659,569
Capital Replacement Reserve	2	-	-
Housing Development Fund	2	-	805,823
Accumulated Surplus/(Deficit)		67,832,135	64,853,746
Non-Current Liabilities		4,715,272	4,634,030
Long-term Liabilities	3	101,927	138,680
Employee benefits	4	4,001,404	3,501,908
Non-Current Provisions	5	611,941	993,442
Current Liabilities		9,177,158	6,059,563
Consumer Deposits	6	352,011	335,718
Current Employee benefits	7	1,369,305	1,169,020
Current Provisions	8	1,392,488	384,195
Trade and other payables	9	2,137,880	2,570,762
Unspent Conditional Government Grants and Receipts	10	3,321,219	1,474,866
Taxes	11	-	-
Bank Overdraft	21	528,316	77,780
Current Portion of Long-term Liabilities	3	75,939	47,222
Total Net Assets and Liabilities		81,724,564	76,353,162
ASSETS			
Non-Current Assets		75,361,872	68,280,749
Property, Plant and Equipment	12	59,662,074	52,923,429
Investment Property	14	15,156,911	15,158,734
Intangible Assets	15	91,021	129,211
Capitalised Restoration Costs	13	451,866	69,375
Biological Assets	16	-	-
Current Assets		6,362,693	8,072,413
Inventory	17	544,839	658,054
Trade Receivables from exchange transactions	18	2,162,589	3,302,758
Other Receivables from non-exchange transactions	19	138,210	273,315
Unpaid Conditional Government Grants and Receipts	10	-	36,078
Lease Asset	20	56,158	40,801
Taxes	11	439,524	187,873
Cash and Cash Equivalents	21	3,021,374	3,573,534
Total Assets		81,724,565	76,353,162

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		26,373,220	28,772,446	(1,743)	28,774,190
Taxation Revenue		1,966,551	1,716,856	(1,743)	1,718,599
Property taxes	22	1,966,551	1,716,856	(1,743)	1,718,599
Transfer Revenue		23,664,394	26,009,384	-	26,009,384
Government Grants and Subsidies - Capital	23	7,740,609	10,421,446	-	10,421,446
Government Grants and Subsidies - Operating	23	15,923,786	15,587,938	-	15,587,938
Public Contributions and Donations		-	-	-	-
Other Revenue		742,274	1,046,207	-	1,046,207
Actuarial Gains		-	-	-	-
Third Party Payments		-	-	-	-
Fines		742,274	1,046,207	-	1,046,207
Revenue from Exchange Transactions		15,316,471	15,406,408	(174,711)	15,581,119
Service Charges	24	13,184,663	12,860,404	(174,711)	13,035,115
Debt Impairment		-	306,999	-	306,999
Rental of Facilities and Equipment		201,208	69,336	-	69,336
Interest Earned - external investments		366,377	462,474	-	462,474
Interest Earned - outstanding debtors		564,018	208,392	-	208,392
Licences and Permits		219,070	87,137	-	87,137
Other Income	25	781,136	1,411,666	-	1,411,666
Total Revenue		41,689,690	44,178,854	(176,454)	44,355,309
EXPENDITURE					
Employee related costs	26	11,027,729	9,174,434	66,434	9,108,000
Remuneration of Councillors	27	2,183,811	2,070,864	-	2,070,864
Debt Impairment	28	2,882,353	65,966	-	65,966
Depreciation and Amortisation	29	1,690,600	1,524,024	103,116	1,420,908
Impairments	30	1,319	399	-	399
Repairs and Maintenance		700,632	690,174	-	690,174
Actuarial losses	4	300,630	214,899	-	214,899
Finance Charges	31	343,021	343,958	-	343,958
Bulk Purchases	32	8,094,812	7,219,662	-	7,219,662
Operating Grant Expenditure	39.4	4,499,489	5,918,829	36,106	5,882,723
General Expenses	33	7,792,729	8,672,111	67,161	8,604,949
Total Expenditure		39,517,124	35,895,319	272,818	35,622,502
Operating Surplus for the Year		2,172,567	8,283,535	(449,272)	8,732,807
Loss on disposal of Property, Plant and Equipment		-	-	-	-
NET (DEFICIT)SURPLUS FOR THE YEAR		2,172,567	8,283,535	(449,272)	8,732,807

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Housing Development Fund R	Capital Replacement Reserve R	Accumulated Surplus R	Total R
Balance at 1 JULY 2011	805,823	7,797,522	48,946,631	57,549,976
Correction of error - note 34.3		-	(173,941)	(173,941)
Transfer to/from Capitalisation Reserve		(7,797,522)	7,797,522	-
Restated Balance at 1 JULY 2011	805,823	-	56,570,211	57,376,034
Transfer to/from Capitalisation Reserve		-	-	-
Net Surplus for the year		-	8,283,535	8,283,535
Restated Balance at 30 JUNE 2012	805,823	-	64,853,746	65,659,569
Net Surplus for the year	-	-	2,172,567	2,172,567
Transfer to/from Capitalisation Reserve	(805,823)	-	805,823	-
Balance at 30 JUNE 2013	0	-	67,832,135	67,832,136

PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		42,819,020	44,796,884
Government - operating		15,923,786	15,587,938
Government - capital		7,740,609	10,421,446
Interest		930,394	670,866
Dividends		-	-
Payments			
Suppliers and employees		(59,308,700)	(60,429,064)
Finance charges	31	(343,021)	(343,958)
Transfers and Grants		-	-
Cash generated by operations	36	7,762,088	10,704,112
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(8,356,478)	(10,534,935)
Disposal of Biological Assets		-	5,400
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Intangible Assets		(1,601)	(17,985)
Additions to Capitalised Restoration Cost		(414,963)	
Increase in Long-term Receivables		-	-
Net Cash from Investing Activities		(8,773,042)	(10,547,520)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(60,284)	(42,010)
New loans raised		52,248	149,599
Increase in Consumer Deposits		16,293	14,428
Net Cash from Financing Activities		8,257	122,017
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,002,698)	278,609
Cash and Cash Equivalents at the beginning of the year		3,495,755	3,217,146
Cash and Cash Equivalents at the end of the year	37	2,493,058	3,495,755
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,002,697)	278,609

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	640,597	3,475,000	(2,834,403)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Call investment deposits	2,380,777	5,000,000	(2,619,223)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Consumer debtors	2,300,799	1,857,967	442,832	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Other Receivables	495,682	-	495,682	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Current portion of long-term receivables	75,939	-	75,939	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Inventory	544,839	-	544,839	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Total current assets	6,438,632	10,332,967	(3,894,335)	
Non current assets				
Long-term receivables	451,866	-	451,866	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Investments	-	-	-	
Investment property	15,156,911	-	15,156,911	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Property, plant and equipment	59,662,074	68,083,423	(8,421,349)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Biological Assets	-	-	-	
Intangible Assets	91,021	-	91,021	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Heritage Assets	-	-	-	
Total non current assets	75,361,872	68,083,423	7,278,449	
TOTAL ASSETS	81,800,504	78,416,390	3,384,114	
LIABILITIES				
Current liabilities				
Bank overdraft	451,866	-	451,866	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Borrowing	-	-	-	
Consumer deposits	352,011	-	352,011	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Trade and other payables	2,137,880	3,311,800	(1,173,920)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Provisions and Employee Benefits	1,369,305	-	1,369,305	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Total current liabilities	4,311,062	3,311,800	999,262	
Non current liabilities				
Borrowing	-	185,902	(185,902)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Provisions and Employee Benefits	4,001,404	5,950,436	(1,949,032)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Total non current liabilities	4,001,404	6,136,338	(2,134,934)	
TOTAL LIABILITIES	8,312,466	9,448,138	(1,135,672)	
NET ASSETS	8,312,466	68,968,252	(60,655,786)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	67,832,135	64,646,758	3,185,377	
Reserves	-	805,823	(805,823)	
TOTAL COMMUNITY WEALTH/EQUITY	67,832,135	65,452,581	2,379,554	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	3,475,000	3,475,000	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Call investment deposits	-	5,000,000	5,000,000	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Consumer debtors	-	1,857,967	1,857,967	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Other Receivables	-	-	-	
Current portion of long-term receivables	-	-	-	
Inventory	-	-	-	
Total current assets	-	10,332,967	10,332,967	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	-	68,083,423	68,083,423	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	-	68,083,423	68,083,423	
TOTAL ASSETS	-	78,416,390	78,416,390	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	-	-	-	
Trade and other payables	-	3,311,800	3,311,800	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Provisions and Employee Benefits	-	-	-	
Total current liabilities	-	3,311,800	3,311,800	
Non current liabilities				
Borrowing	-	185,902	185,902	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Provisions and Employee Benefits	-	5,950,436	5,950,436	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Total non current liabilities	-	6,136,338	6,136,338	
TOTAL LIABILITIES	-	9,448,138	9,448,138	
NET ASSETS	-	68,968,252	68,968,252	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	8,678,000	55,968,758	64,646,758	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Reserves	-	805,823	805,823	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
TOTAL COMMUNITY WEALTH/EQUITY	8,678,000	56,774,581	65,452,581	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	1,966,551	1,943,828	22,723	Income realised better than expected. Also additional income through interim valuation
Property rates - penalties & collection charges	-	-	-	
Service charges	13,184,663	14,700,020	(1,515,357)	Internal revenue removed. Electricity income not realising as expected.
Rental of facilities and equipment	201,208	120,700	80,508	Rental income from Thousong Centre.
Interest earned - external investments	366,377	345,000	21,377	
Interest earned - outstanding debtors	564,018	500,000	64,018	Higher debtors' book resulted in higher interest received.
Dividends received	-	-	-	
Fines	742,274	1,101,000	(358,726)	Problems with service provider. A new provider has since been appointed.
Licences and permits	219,070	940,000	(720,930)	Only the net income is shown under the actual column.
Agency services	-	-	-	
Government Grants and Subsidies - Operating	15,923,786	26,823,200	(10,899,414)	MIG was included under the operating budget and not capital.
Other revenue	781,136	2,374,500	(1,593,364)	The budgeted amount included internal charges to other departments.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	33,949,082	48,848,248	(14,899,166)	
EXPENDITURE BY TYPE				
Employee related costs	11,027,729	10,944,900	82,829	Overtime and standby allowances were higher than expected.
Remuneration of councillors	2,183,811	2,173,500	10,311	
Debt impairment	2,882,353	1,260,200	1,622,153	Debtors increased more than expected and the amount was under-budgeted.
Depreciation & asset impairment	1,691,919	1,213,192	478,727	The amount was under-budgeted.
Finance charges	343,021	58,400	284,621	The amount was under-budgeted.
Bulk purchases	8,094,812	7,305,000	789,812	Electricity purchases were higher than expected.
Other materials	-	-	-	
Contracted services	-	250,000	(250,000)	The expenses for Jan Nel was included her in the budget but under general expenses in the actual amount.
Grants and subsidies paid	4,499,489	-	4,499,489	Grant expenditure was budgeted for under the relevant items.
Other expenditure	8,793,990	16,944,950	(8,150,960)	Grant expenditure was included under general expenses.
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	39,517,124	40,150,142	(633,018)	
Operating Surplus/(Deficit) for the year	(5,568,042)	8,698,106	(14,266,148)	
Government Grants and Subsidies - Capital	7,740,609	-	7,740,609	MIG grant capital income was included under the operating budget.
Net Surplus for the year	2,172,567	8,698,106	(6,525,539)	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET				
	2013 R	2013 R	2013 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	1,943,828	-	1,943,828	
Property rates - penalties & collection charges	-	-	-	
Service charges	14,184,020	516,000	14,700,020	Provision was made for a lower indigent subsidy.
Rental of facilities and equipment	50,700	70,000	120,700	Rental income to be derived from the Thousong Centre were included.
Interest earned - external investments	345,000	-	345,000	
Interest earned - outstanding debtors	500,000	-	500,000	
Dividends received	-	-	-	
Fines	2,601,000	(1,500,000)	1,101,000	Lower income due to problems with service provider.
Licences and permits	940,000	-	940,000	
Agency services	-	-	-	
Government Grants and Subsidies - Operating	24,235,200	2,588,000	26,823,200	Additional grant allocations received were corrected in the budget.
Other revenue	2,374,500	-	2,374,500	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	47,174,248	1,674,000	48,848,248	
EXPENDITURE BY TYPE				
Employee related costs	11,203,900	(259,000)	10,944,900	Budgeted positions which were not filled were removed from the budget.
Remuneration of councillors	2,173,500	-	2,173,500	
Debt impairment	1,260,200	-	1,260,200	
Depreciation & asset impairment	1,313,192	(100,000)	1,213,192	Depreciation was anticipated to be lower than originally budgeted for.
Finance charges	58,400	-	58,400	
Bulk purchases	6,700,000	605,000	7,305,000	Electricity purchases was expected to be lower.
Other materials	-	-	-	
Contracted services	-	250,000	250,000	The amounts paid to Jan Nel was corrected in the adjustment budget.
Grants and subsidies paid	-	-	-	
Other expenditure	15,786,950	1,158,000	16,944,950	Additional grant income allowed additional expenditure.
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	38,496,142	1,654,000	40,150,142	
Operating Surplus for the year	8,678,106	20,000	8,698,106	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus for the year	8,678,106	20,000	8,698,106	

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	42,819,020	21,180,096	21,638,924	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Government - operating	15,923,786	26,823,200	(10,899,414)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Government - capital	7,740,609	-	7,740,609	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Interest	930,394	845,000	85,394	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Dividends	-	-	-	
Payments				
Suppliers and Employees	(59,308,700)	(38,878,100)	(20,430,600)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Finance charges	(343,021)	(58,400)	(284,621)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	7,762,087	9,911,796	(2,149,709)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(8,358,079)	(9,525,100)	1,167,021	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
NET CASH FROM/(USED) INVESTING ACTIVITIES	-8,358,079	(9,525,100)	1,167,021	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	52,248	-	52,248	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Increase/(decrease) in consumer deposits	16,293	-	16,293	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Payments				
Repayment of borrowing	(60,284)	-	(60,284)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
NET CASH FROM/(USED) FINANCING ACTIVITIES	8,257	-	8,257	
NET INCREASE/(DECREASE) IN CASH HELD	-587,734	386,696	(974,430)	
Cash and Cash Equivalents at the beginning of the year	3,495,755	3,495,754	1	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Cash and Cash Equivalents at the end of the year	2,493,058	3,882,450	(1,389,392)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.

PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	22,094,048	(913,952)	21,180,096	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Government - operating	24,235,200	2,588,000	26,823,200	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Government - capital	-	-	-	
Interest	845,000	-	845,000	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Dividends	-	-	-	
Payments				
Suppliers and Employees	(37,124,550)	(1,753,550)	(38,878,100)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Finance charges	(58,400)	-	(58,400)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	9,991,298	(79,502)	9,911,796	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	-	(9,525,100)	(9,525,100)	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(9,525,100)	(9,525,100)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	
NET INCREASE/(DECREASE) IN CASH HELD	9,991,298	(9,604,602)	386,696	
Cash and Cash Equivalents at the beginning of the year	-	3,495,754	3,495,754	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.
Cash and Cash Equivalents at the end of the year	9,991,298	(6,108,848)	3,882,450	Municipality unfamiliar with new budget schedules. Corrective measures implemented for 2013/2014.

		2013 R	2012 R
2	NET ASSET RESERVES		
	Capital Replacement Reserve	-	-
	Housing Development Fund	0	805,823
	Total Net Asset Reserves	0	805,823
3	LONG-TERM LIABILITIES		
	Capitalised Lease Liability - At amortised cost	177,866	185,902
		177,866	185,902
	Current Portion transferred to Current Liabilities	75,939	47,222
	Capitalised Lease Liability - At amortised cost	75,939	47,222
		101,927	138,680
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	101,927	138,680
	The obligations under finance leases are scheduled below:		Minimum lease payments
	Amounts payable under finance leases:		
	Payable within one year	75,939	56,329
	Payable within two to five years	114,256	149,848
	Payable after five years	-	-
		190,195	206,177
	Less: Future finance obligations	(11,169)	(20,275)
	Present value of lease obligations	179,026	185,902
	Leases are secured by property, plant and equipment - Note 12		
4	EMPLOYEE BENEFITS		
	Post Retirement Benefits - Refer to Note 4.1	4,001,404	3,501,908
	Total Non-current Employee Benefit Liabilities	4,001,404	3,501,908
	<i>Post Retirement Benefits</i>		
	Balance 1 July	3,676,424	3,253,257
	Contribution for the year	117,342	99,185
	Interest Cost	271,573	267,545
	Expenditure for the year	(172,985)	(158,462)
	Actuarial Loss/(Gain)	300,630	214,899
	Total post retirement benefits 30 June	4,192,984	3,676,424
	Less: Transfer of Current Portion - Note 7	(191,580)	(174,516)
	Balance 30 June	4,001,404	3,501,908
	<i>TOTAL NON-CURRENT EMPLOYEE BENEFITS</i>		
	Balance 1 July	3,676,424	3,253,257
	Contribution for the year	117,342	99,185
	Interest cost	271,573	267,545
	Expenditure for the year	(172,985)	(158,462)
	Actuarial Loss/(Gain)	300,630	214,899
	Total employee benefits 30 June	4,192,984	3,676,424
	Less: Transfer of Current Portion - Note 7	(191,580)	(174,516)
	Balance 30 June	4,001,404	3,501,908

4	EMPLOYEE BENEFITS (CONTINUE)	2013 R	2012 R
4.1	Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
	In-service (employee) members	15	16
	In-service (employee) non-members	27	29
	Continuation members (e.g. Retirees, widows, orphans)	7	7
	Total Members	49	52
The liability in respect of past service has been estimated to be as follows:			
	In-service members	1,864,350	1,513,866
	Continuation members	2,328,634	2,162,558
	Total Liability	4,192,984	3,676,424
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2013 R	2012 R	2011 R
	In-service members	1,864,350	1,513,866
	Continuation members	2,328,634	2,162,558
	Total Liability	4,192,984	3,676,424
	2011 R	2010 R	
Experience adjustments were calculated as follows:			
	2013 R	2012 R	2011 R
	Liabilities: (Gain) / loss	(32,000)	(102,000)
	Assets: Gain / (loss)	-	-
The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP			
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:			
	Bonitas; LA Health Samwumed; and Keyhealth.		
	Key actuarial assumptions used:	2013 %	2012 %
i)	Rate of interest		
	Discount rate	7.91%	7.56%
	Health Care Cost Inflation Rate	7.67%	7.04%
	Net Effective Discount Rate	0.22%	0.49%
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"			
ii)	Mortality rates		
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.			
iii)	Normal retirement age		
It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.			
	2013 R	2012 R	
The amounts recognised in the Statement of Financial Position are as follows:			
	Present value of fund obligations	4,001,404	3,501,908
	Net liability/(asset)	4,001,404	3,501,908

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2013 R	2012 R
Present value of fund obligation at the beginning of the year	3,676,424	3,253,257
Total expenses	215,930	208,268
Current service cost	117,342	99,185
Interest Cost	271,573	267,545
Benefits Paid	(172,985)	(158,462)
Actuarial (gains)/losses	300,630	214,899
Present value of fund obligation at the end of the year	4,192,984	3,676,424
Less: Transfer of Current Portion - Note 7	(191,580)	(174,516)
Balance 30 June	4,001,404	3,501,908

Sensitivity Analysis on the Accrued Liability

Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		1,864	2,329	4,193	14%

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	2343	2,559	4,902	17%
Health care inflation	-1%	1496	2,126	3,622	-14%
Post-retirement mortality	-1 year	1935	2,435	4,370	4%
Average retirement age	-1 year	2025	2,329	4,354	4%
Withdrawal Rate	-50%	2107	2,329	4,436	6%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		117300	271600	388,900	
Health care inflation	1%	151500	318000	469,500	21%
Health care inflation	-1%	91800	234100	325,900	-16%
Post-retirement mortality	-1 year	121500	282900	404,400	4%
Average retirement age	-1 year	128600	281200	409,800	5%
Withdrawal Rate	-50%	142700	287900	430,600	11%

4.2 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).

666,516 636,050

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.00% (30 June 2011 - 103.3%).

DEFINED CONTRIBUTION PLANS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2013 R	2012 R
5 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	611,941	993,442
Total Non-current Provisions	611,941	993,442

Landfill Sites

Balance 1 July	1,377,637	1,312,035
Contribution for the year	626,792	65,602
Total provision 30 June	2,004,429	1,377,637
Current Portion - Refer to note 8	(1,392,488)	(384,195)
Balance 30 June	611,941	993,442

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	<i>Prince Albert</i>	<i>Leeu Gamka</i>	<i>Klaarstroom</i>
Area (m ²)	5285m ²	1610m ²	6680m ²
Rehabilitation volume (m ³)	14600m ³	5470m ³	1840m ³
Fence (m)	50m	50m	100m
Cost of fence (Rand)	-	-	-
Site Clearance (R40/m ³)	134,720	134,720	134,720
Excavation cost (R40/m ³)	59,899	35,939	35,939
Filling (R20/m ²)	219,076	53,391	102,139
Preliminary and general (Rand)	58,116	19,524	27,616
Fees and expenses (Rand)	369,617	307,486	311,527

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation</u>	<u>Cost of rehabilitation</u>
		<u>2013</u>	<u>2012</u>
Prince Albert	2014	841,428	811,946
Leeu Gamka	2013	551,060	531,752
Klaarstroom	2039	611,941	590,500
		2,004,429	1,934,198

	2013 R	2012 R
Electricity	246,589	260,803
Water	105,422	74,915
Total Consumer Deposits	352,011	335,718
Guarantees held in lieu of Electricity and Water Deposits	-	-

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7	CURRENT EMPLOYEE BENEFITS	2013 R	2012 R
	Current Portion of Post Retirement Benefits - Note 4	191,580	174,516
	Staff Leave	899,926	747,644
	Bonuses	277,799	246,860
	Total Current Employee Benefits	1,369,305	1,169,020

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	747,644	557,728
Balance previously reported	-	526,033
Correction of error Note 35.8	-	31,695
Contribution to current portion	342,936	227,357
Balance previously reported	160,923	160,923
Correction of error Note 35.8	66,434	66,434
Expenditure incurred	(190,655)	(37,441)
Balance at end of year	899,926	747,644

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Bonuses

Balance at beginning of year	246,860	213,983
Contribution to current portion	84,282	32,877
Expenditure incurred	(53,343)	-
Balance at end of year	277,799	246,860

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

8	PROVISIONS	2013 R	2012 R
	Current Portion of Rehabilitation of Landfill-sites - Note 5	1,392,488	384,195
	Total Provisions	1,392,488	384,195

9	TRADE AND OTHER PAYABLES	R	R
	Trade Payables	1,272,681	1,921,782
	Balance previously reported	-	1,375,827
	Correction of error Note 35	-	545,955
	Deposits received in advance	-	-
	Debtors with credit balances	422,815	440,829
	Retention	440,889	203,532
	Sundry Deposits	1,495	4,620
	Suspense Accounts	-	-
	Total Trade Payables	2,137,880	2,570,762

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

		2013 R	2012 R
10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
	Unspent Grants		
	National Government Grants	3,321,219	1,474,866
	Provincial Government Grants	2,183,294	174,482
	Correction of Error	411,117	430,384
	Other Grant Providers	-	-
	Less: Unpaid Grants	726,808	870,000
	National Government Grants	(0)	36,078
	Other Grant Providers	(0)	36,078
	Total Conditional Grants and Receipts	<u>3,321,219</u>	<u>1,438,788</u>
11	TAXES	2013 R	2012 R
11.1	VAT PAYABLE		
	VAT output in suspense	101,309	2,987,535
	Total Vat payable	<u>101,309</u>	<u>2,987,535</u>
11.2	VAT RECEIVABLE		
	VAT input in suspense	540,832	3,175,408
	Total VAT receivable	<u>540,832</u>	<u>3,175,408</u>
11.3	NET VAT RECEIVABLE/(PAYABLE)	<u>439,524</u>	<u>187,873</u>

VAT is receivable/payable on the cash basis.

12

PROPERTY, PLANT AND EQUIPMENT

See attached sheet

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
13	CAPITALISED RESTORATION COST		
	Net Carrying amount at 1 July	69,375	94,039
	Cost	455,756	455,756
	Accumulated Depreciation	(375,565)	(351,300)
	Accumulated Impairments	(10,816)	(10,417)
	Acquisitions	414,963	-
	Depreciation for the year	(31,153)	(24,265)
	Impairment	(1,319)	(399)
	Net Carrying amount at 30 June	451,866	69,375
	Cost	870,719	455,756
	Accumulated Depreciation	(406,718)	(375,565)
	Accumulated Impairment	(12,135)	(10,816)
14	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	15,158,734	15,160,709
	Cost	15,164,355	15,164,355
	Less: Transferred	-	-
	Accumulated Depreciation	-	(3,646)
	Balance previously reported	(5,621)	(3,801)
	Accumulated Depreciation: Correction of Error - Note 35	-	155
	Depreciation for the year	(1,823)	(1,975)
	Balance previously reported	-	(1,823)
	Correction of Depreciation for 2010/2011 - Note 35	(152)	
	Transferred	-	-
	Net Carrying amount at 30 June	15,156,911	15,158,734
	Cost	15,164,355	15,164,355
	Accumulated Depreciation	(7,444)	(5,621)
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
		2013 R	2012 R
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	Revenue derived from the rental of investment property	201,208	69,336
15	INTANGIBLE ASSETS	2013 R	2012 R
	Computer Software		
	Net Carrying amount at 1 July	129,211	150,756
	Cost	237,458	219,473
	Accumulated Amortisation	(108,247)	(68,717)
	Balance previously reported	(108,247)	(85,488)
	Correction of Error - Note 35	-	16,771
	Additions	1,601	17,985
	Amortisation	(39,791)	(39,530)
	Balance previously reported	-	(41,102)
	Correction of Depreciation for 2011/2012 - Note 35	-	1,572
	Net Carrying amount at 30 June	91,021	129,211
	Cost	239,059	237,458
	Accumulated Amortisation	(148,038)	(108,247)

The following material intangible assets are included in the carrying value above

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<u>Description</u>	<u>Remaining Amortisation Period</u>	Carrying Value	
		2013 R	2012 R
Microsoft Office and Windows software	5	91,021	129,211
No intangible asset were assed having an indefinite useful life.			
There are no internally generated intangible assets at reporting date.			
There are no intangible assets whose title is restricted.			
There are no intangible assets pledged as security for liabilities			
There are no contractual commitments for the acquisition of intangible assets.			
16 BIOLOGICAL ASSETS			
Fair Value at 1 July		-	-
Acquisitions		-	-
Disposals		-	-
Fair Value at 30 June		-	-
17 INVENTORY			
Consumable Stores		232,747	321,045
Electricity		74,966	98,485
Unsold Properties		219,420	219,420
Water – at cost		17,706	19,104
Total Inventory		544,839	658,054
Consumable stores materials written down due to losses as identified during the annual stores counts.			
Consumable stores materials surpluses identified during the annual stores counts.			
Inventory recognised as an expense during the year			
18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Electricity		1,453,180	1,450,019
Balance Previously Reported		1,605,971 (155,953)	2,598,726
Correction of Error - Note 35			
Water		2,413,857	2,609,895
Balance Previously Reported		1,187,508 (11,169)	1,093,852
Correction of Error - Note 35			
Refuse		1,581,822	1,435,273
Balance Previously Reported		- 0	1,093,852
Correction of Error - Note 35			
Sewerage		10,452	23,890
Balance Previously Reported		52,760 (0)	(0)
Correction of Error - Note 35			
Fire Services		422,815	440,829
Balance Previously Reported		7,122,393 (4,959,804)	7,044,354 (3,741,596)
Correction of Error - Note 35			
Rent		2,162,589	3,302,758
Balance Previously Reported		52,760 (0)	1,764 0
Correction of Error - Note 35			
Debtors with credit balances			
Total Receivables from Exchange Transactions			
Less: Allowance for Doubtful Debts			
Total Net Receivables from Exchange Transactions			

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

	2013 R	2012 R
Ageing of Receivables from Exchange Transactions:		
(Electricity): Ageing		
Current (0 - 30 days)	392,848	418,696
31 - 60 Days	104,436	130,590
61 - 90 Days	78,210	73,688
+ 90 Days	877,686	827,045
Total	1,453,180	1,450,019
(Water): Ageing		
Current (0 - 30 days)	346,924	190,143
31 - 60 Days	172,234	105,379
61 - 90 Days	178,722	102,893
+ 90 Days	1,715,977	2,200,311
Total	2,413,857	2,598,726
(Refuse): Ageing		
Current (0 - 30 days)	183,456	81,945
31 - 60 Days	67,925	54,750
61 - 90 Days	56,026	45,723
+ 90 Days	880,101	911,434
Total	1,187,508	1,093,852
(Sewerage): Ageing		
Current (0 - 30 days)	278,109	129,075
31 - 60 Days	107,640	76,636
61 - 90 Days	84,027	72,592
+ 90 Days	1,112,045	1,156,970
Total	1,581,822	1,435,273
(Other): Ageing	2013 R	2012 R
Current (0 - 30 days)	4,495	1,826
31 - 60 Days	5,857	123
61 - 90 Days	100	99
+ 90 Days	-	21,842
Total	10,452	23,890
(Total): Ageing		
Current (0 - 30 days)	1,205,832	821,685
31 - 60 Days	458,092	367,478
61 - 90 Days	397,085	294,995
+ 90 Days	4,585,809	5,117,602
Total	6,646,819	6,601,760

Reconciliation of Provision for Bad Debts

Balance at beginning of year	3,741,596	3,244,814
Contribution to provision/(Reversal of provision)	2,828,429	541,824
Written off during the year	(1,610,222)	(45,042)
Balance at end of year	4,959,804	3,741,596

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		2013	2012
		R	R
Rates		625,970	672,820
Balance Previously Reported		-	674,563
Correction of Error - Note 35		-	(1,743)
Other Receivables		172,599	73,691
Other Debtors		172,599	25,128
Balance Previously Reported			25,128
Correction of Error - Note 35			(0)
Suspense Debtors		-	48,564
Total Receivables from Non-Exchange Transactions		798,570	746,511
Less: Allowance for Doubtful Debts		(660,360)	(473,196)
Total Net Receivables from Non-Exchange Transactions		138,210	273,315

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	110,216	117,794
31 - 60 Days	37,117	39,311
61 - 90 Days	28,264	29,211
+ 90 Days	450,373	486,504
Total	625,970	672,820

Reconciliation of Provision for Bad Debts

Balance at beginning of year	473,196	780,195
Contribution to provision/(Reversal of provision)	187,164	(306,999)
Balance at end of year	660,360	473,196

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20

OPERATING LEASE ARRANGEMENTS

R R

The Municipality as Lessor (Asset)

Balance on 1 July	40,801	37,985
Movement during the year	15,357	2,816
Balance on 30 June	56,158	40,801

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	194,617	35,274
1 to 5 Years	457,511	179,948
More than 5 Years	-	-
Total Operating Lease Arrangements	652,128	215,222

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for previous ranging until 2017.

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21	CASH AND CASH EQUIVALENTS	2013 R	2012 R
	<u>Assets</u>		
	Call Investments Deposits	2,380,777	3,566,368
	Primary Bank Account	-	0
	Traffic Bank Account	638,897	5,466
	Cash Floats	1,700	1,700
	Total Cash and Cash Equivalents - Assets	3,021,373	3,573,534
	<u>Liabilities</u>		
	Primary Bank Account	(528,316)	(77,780)
	Total Cash and Cash Equivalents - Liabilities	(528,316)	(77,780)
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	A Bank Guarantee is retained for ESKOM by ABSA Bank	9,960	9,960
	The municipality has the following bank accounts:		
	<u>Current Accounts</u>		
	Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	(528,316)	(77,780)
	Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):	638,897	5,466
	Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):	2,386,243	3,566,368
	Prince Albert ABSA Bank - Account Number 9074051846 (32 Day Notice Account):	-	-
		2,496,824	3,494,054
	Traffic account is cleared daily to Primary Bank Account.		
		2013 R	2012 R
	<i>Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):</i>		
	Cash book balance at beginning of year	(77,780)	2,994,164
	Cash book balance at end of year	(528,316)	(77,780)
		3,107,476	4,444,064
	Bank statement balance at beginning of year	51,400	3,107,476
	Bank statement balance at end of year		
	<i>Prince Albert ABSA Bank - Account Number 4063942217 (Traffic Account):</i>		
	Cash book balance at beginning of year	5,466	219,760
	Cash book balance at end of year	638,897	5,466
		5,466	1,601,488
	Bank statement balance at beginning of year	638,897	5,466
	Bank statement balance at end of year		
	<i>Prince Albert ABSA Bank - Account Number 7064316839 (Call Account):</i>		
	Cash book balance at beginning of year	3,566,368	1,522
	Cash book balance at end of year	2,386,243	3,566,368
		3,566,368	1,522
	Bank statement balance at beginning of year	2,367,579	3,566,368
	Bank statement balance at end of year		
	<i>Prince Albert ABSA Bank - Account Number 9074051846 (32 Day Notice Account):</i>	-	-

22

PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State
Correction of Error - Note 35

Less: Rebates

Total Assessment Rates

	2013 R	2012 R
Rateable Land and Buildings		
Residential, Commercial Property, State	2,438,519	2,249,241
Correction of Error - Note 35	2,438,519	2,250,984
	-	(1,743)
Less: Rebates	(471,968)	(532,385)
Total Assessment Rates	1,966,551	1,716,856

Valuations - 1 JULY 2009

Rateable Land and Buildings

Leeu-Gamka: Land and Buildings	15,673,220	15,667,720
Klaarstroom: Land and Buildings	8,418,960	8,409,060
Prince Albert: Land and Buildings	542,628,418	539,036,018
Rural: Land and Buildings	651,913,303	650,604,677
Welgemoed: Land and Buildings	8,721,515	8,721,515

Total Rateable Valuation

1,227,355,416

1,222,438,990

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

2013 c/R	2012 c/R
-------------	-------------

Rates:

Prince Albert Urban Area	0.340	0.310
Leeu Gamka Scheme Houses	0.340	0.310
Leeu Gamka Private	0.340	0.310
Welgemoed Area	0.306	0.280
Klaarstroom Scheme Houses	0.340	0.220
Klaarstroom East	0.340	0.220
Rural Area	0.0855	0.078

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

Conditional Grants

Grants and donations

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

	2013 R	2012 R
Unconditional Grants		
Equitable Share	10,586,000	9,200,000
Conditional Grants		
Grants and donations	13,078,394	16,809,384
Total Government Grants and Subsidies	23,664,394	26,009,384
Government Grants and Subsidies - Capital	7,740,609	10,421,446
Government Grants and Subsidies - Operating	15,923,786	15,587,938
23,664,394	26,009,384	

The municipality does not expect any significant changes to the level of grants.

23.1 Equitable share

Grants received

Conditions met - Operating

Conditions still to be met

10,586,000	9,200,000
(10,586,000)	(9,200,000)
-	-
23,664,394	26,009,384

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

	2013 R	2012 R
23.2 Local Government Financial Management Grant (FMG)		
Opening balance	(36,000)	(274,366)
Grants received	1,250,000	1,250,000
Repaid to National Revenue Fund	-	(36,000)
VAT on conditional grants	-	-
Conditions met - Operating	(1,214,000)	(975,634)
Conditions still to be met	<u><u>-</u></u>	<u><u>(36,000)</u></u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Systems Improvement Grant

Opening balance	(78)	(29,954)
Grants received	800,000	790,000
Repaid to National Revenue Fund	-	-
VAT on conditional grants	-	-
Conditions met - Operating	(799,922)	(760,124)
Conditions met - Capital	-	-
Conditions still to be met	<u><u>(0)</u></u>	<u><u>(78)</u></u>

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.4 Municipal Infrastructure Grant (MIG)

Opening balance	174,482	-
Grants received	8,558,000	7,055,000
VAT on conditional grants	(559,041)	(799,200)
Conditions met - Operating	(432,832)	(352,750)
Conditions met - Capital	(7,740,609)	(5,728,568)
Grant expenditure to be recovered	-	174,482

The grant was used to upgrade infrastructure in previously disadvantaged areas.

23.5 Housing Grants

Opening balance	870,000	-
Grants received	-	6,194,880
Conditions met - Operating	-	(3,672,780)
Conditions met - Operating	(143,192)	-
Conditions met - Capital	-	(1,652,100)
Grant expenditure to be recovered	<u><u>726,808</u></u>	<u><u>870,000</u></u>

Housing grants was utilised for the development of erven and the erection of top structures.

23.6 Integrated National Electrification Grant

Opening balance	-	-
Grants received	-	-
Conditions still to be met	-	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.7 Other Grants

Opening balance	430,384	1,440,045
Grants received	4,911,867	3,054,391
VAT on conditional grants	-	(396,626)
Conditions met - Operating	(2,747,840)	(755,826)
Conditions met - Capital	-	(2,911,601)
Conditions still to be met	<u><u>2,594,411</u></u>	<u><u>430,384</u></u>

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
23.8 Total Grants		
Opening balance	1,438,788	1,135,726
Grants received	26,105,867	27,544,271
VAT on conditional grants	(559,041)	(1,195,826)
Repaid to National Revenue Fund	-	(36,000)
Conditions met - Operating	(15,923,786)	(15,717,114)
Conditions met - Capital	(7,740,609)	(10,292,269)
Conditions still to be met/(Grant expenditure to be recovered)	<u>3,321,219</u>	<u>1,438,788</u>
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	3,321,219	1,474,866
Unpaid Conditional Government Grants and Receipts	-	(36,078)
	<u>3,321,219</u>	<u>1,438,788</u>
24 SERVICE CHARGES		
Electricity	8,907,571	8,916,050
Water	2,835,569	2,807,231
Refuse removal	1,327,166	1,191,058
Sewerage and Sanitation Charges	2,127,040	1,876,395
Correction of Error - Note 35	15,197,346	14,790,733
Less: Rebates	(2,012,684)	(1,755,618)
Total Service Charges	<u>13,184,663</u>	<u>12,860,404</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25 OTHER INCOME		
Sundry income	34,000	30,513
Recycling Income	-	9,462
Graveyard	8,641	22,169
Building plans	49,582	43,437
Photostats and Faxes	1,435	2,141
VAT on Grants	559,041	1,195,825
Levies	-	810
Business Licences	511	-
Tender Documents	5,307	12,982
Festival Stall Sales	-	316
Training LGSETA	57,322	71,917
Refuse Bags	400	503
Town Planning Fees	18,092	11,227
Surplus Cash	-	16
Library Lost Books And Fines	2,572	2,442
Subsidy	34,877	-
Postage Province	2,992	-
Valuation Certificates	6,364	7,907
Total Other Income	<u>781,136</u>	<u>1,411,666</u>
Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)		
26 EMPLOYEE RELATED COSTS		
Bonus	427,181	313,369
Contributions for UIF, pensions and medical aids	1,097,068	941,117
Housing Subsidy	26,924	24,979
Leave Reserve Fund	342,936	207,912
Balance Previously Reported	141,477	
Correction of Error - Note 35	66,434	
Long service awards	8,042	15,133
Increase in Provision for Bonuses	84,282	28,458
Contribution to provision - Post Retirement Medical - Note 6	117,342	99,185
Overtime	641,285	561,092
Salaries and Wages	7,409,971	6,303,241
Travel, motor car, telephone, assistance and other allowances	872,698	679,948
Total Employee Related Costs	<u>11,027,729</u>	<u>9,174,434</u>

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL	2013 R	2012 R
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	865,872	511,433
Leave	35,443	-
Car Allowance	104,640	60,320
Other Allowances	17,500	17,500
Subsistence Allowance	153,417	-
Total	1,176,873	589,253
<i>Remuneration of the Director Financial Services</i>		
Annual Remuneration	469,700	435,551
Car Allowance	64,000	-
Other Allowances	10,800	8,400
Subsistence Allowance	47,124	-
Total	591,624	443,951
<i>Remuneration of the Director Strategic Services</i>		
Annual Remuneration	643,125	509,185
Other Allowances	12,000	7,000
Car Allowance	99,440	91,153
Subsistence Allowance	33,714	-
Total	788,279	607,338

27

REMUNERATION OF COUNCILLORS

Mayor	482,435	396,825
Deputy Mayor	216,574	163,116
Speaker	403,472	342,271
Councillors	596,780	509,662
Councillors' Allowances	484,551	658,990
Total Councillors' Remuneration	2,183,811	2,070,864

In-kind Benefits

The Executive Mayor and all the committee members are part-time. The Mayor are provided with secretarial support and an office at the cost of the Council.

28

DEBT IMPAIRMENT

Trade Receivables from exchange transactions - Note 18	2,641,154	65,966
Trade Receivables from non-exchange transactions - Note 19	241,199	(306,999)
Total Contribution to/(Reversal of) Impairment Provision	2,882,353	(241,033)

29

DEPRECIATION AND AMORTISATION

Property Plant and Equipment	1,617,833	1,458,254
Balance Previously Reported	1,353,718	104,536
Correction of Error - Note 35		
Investment Property	1,823	1,975
Balance Previously Reported	1,823	152
Correction of Error - Note 35		
Intangible Assets	39,791	39,530
Balance Previously Reported	41,102	(1,572)
Correction of Error - Note 35		
Landfill Sites	31,153	24,265
Total Depreciation and Amortisation	1,690,600	1,524,024

30

IMPAIRMENTS

Capitalised Restoration Costs	1,319	399
	1,319	399

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
31	FINANCE CHARGES		
	Landfill Sites	62,352	65,602
	Finance leases	9,096	10,811
	Post Employment Health	271,573	267,545
	Total finance charges	343,021	343,958
32	BULK PURCHASES		
	Electricity	8,094,812	7,219,662
	Total Bulk Purchases	8,094,812	7,219,662
33	GENERAL EXPENSES		
	Advertisements	48,253	87,867
	Audit Fees	1,745,828	871,210
	Bank Charges	173,091	176,581
	Computer Expenses	283,327	913,961
	Clean Up Project: Klaarstroom	-	30,000
	Clean Up Project: Leeu Gamka	-	41,565
	Clean Up Project: Prince Albert	-	48,761
	Cleaning Materials	24,687	87,972
	Congress Fees	-	116,114
	Community Development Holiday Program	40,994	45,730
	Commission Pre-Paid Electricity	122,221	-
	Camera Fines	178,146	585,801
	Deed of Transfer	7,513	9,048
	Discretionary Fund: Donations	85,087	82,825
	Electricity	163,627	386,242
	Entertainment Cost	44,980	33,475
	Fuel and Oil	536,344	492,774
	Insurance General	106,506	89,383
	LED	142,633	175,153
	Legal Fees	37,539	108,610
	Licences	34,163	32,769
	Machine Rent	44,792	45,404
	Material	399,838	292,360
	Membership Fees and Levies	300,000	212,500
	Marketing Cost	-	107,474
	Office Rental CW's	36,000	21,000
	Office Necessaries	152,229	70,523
	Olive Festival	30,000	135,697
	Photostat machine	-	0
	Postage	29,462	51,142
	Printing and Stationery	162,908	190,843
	Purchase of Carpets	-	4,307
	Poor Relief Project: Prince Albert	-	258,624
	Poor Relief Project: Leeu Gamka	-	150,000
	Poor Relief Project: Klaarstroom	-	81,149
	Poor Relief Project: Prince Albert Other	-	17,884
	Refuse Bags	62,080	21,000
	Remuneration Ward Committees	156,854	-
	Rehabilitation Refuse Sites Expensed	149,476	
	Rent: Post Box	903	980
	Street Lights	75,120	34,899
	Sundry Expenditure	253,244	131,786
	Telephone and Postage	493,612	460,901
	Training Charges SDL	67,982	96,630
	Travel and Subsistence	1,423,155	1,456,447
	Other	-	29,012
	Water	2,874	61,246
	Water Purification: Chlorine	84,829	81,978
	Water Research: Levy	-	26,217
	Balance Previously Reported	15,659	
	Correction of Error - Note 35	10,558	
	Workman's Compensation	71,557	56,603
	Balance Previously Reported	-	
	Correction of Error - Note 35	56,603	
	Sewerage	-	114,292
	Training	19,975	44,854
	Wreath and Bouquet	899	520
	General Expenses	7,792,729	8,672,111

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

34	OPERATING GRANT EXPENDITURE	2013 R	2012 R
	Operating grant expenditure per vote		
	Executive & Council	100,201	-
	Budget & Treasury	2,013,922	1,857,193
	Corporate Services	-	-
	Planning & Development	-	-
	Health	-	-
	Community & Social Services	1,698,758	-
	Housing	143,192	3,672,780
	Public Safety	-	-
	Sport & Recreation	-	-
	Environmental Protection	-	-
	Waste Management	-	-
	Waste Water Management	-	-
	Road Transport	543,416	388,856
	Balance Previously Reported	352,750	
	Correction of Error - Note 35	36,106	
	Water	-	-
	Electricity	-	-
	Total Operating grant expenditure	4,499,489	5,918,829
35	CORRECTION OF ERRORS IN TERMS OF GRAP 3	2012 R	2011 R
35.1	Accumulated Surplus		
	Balance previously reported	65,476,956	56,744,152
	Service charges incorrectly accrued Refer note 35.3	(174,711)	-
	Assessment Rates incorrectly accrued Refer note 35.4	(1,743)	-
	Previous Municipal Manager Salary Claim - Note 35.5	(418,000)	(418,000)
	Water Levies Paid DWAF - Prior Years - Note 35.5	(60,794)	(60,794)
	Water Levies Paid DWAF - 2011/2012 - Note 35.5	(10,558)	-
	Workman's Compensation Commissioner Refer note - Note 35.5	(56,603)	-
	Work in Progress Correction - Note 35.6	(36,106)	-
	Leave Provision Incorrectly Calculated Prior Year Refer Note 35.6	(31,695)	(31,695)
	Leave Provision Incorrectly Calculated Refer Note 35.6	(66,434)	-
	Accumulated Depreciation Intangible Assets Prior Years - Note 35.9	1,572	-
	Accumulated Depreciation Intangible Assets opening balance - Note 35.9	16,771	16,771
	First Time Recognition Of Assets - Note 35.6	318,710	318,710
	Accumulated Depreciation First time recognition PPE Prior Years - Note 35.7	(45,257)	-
	Accumulated Depreciation First Time recognition PPE Assets opening balance - Note 35.7	(45,257)	(45,257)
	Accumulated Depreciation Investment Property Prior Years - Note 35.10	(152)	-
	Accumulated Depreciation Investment property Assets opening balance - Note 35.10	155	155
	Accumulated Depreciation PPE Prior Years - Note 35.7	(59,277)	-
	Accumulated Depreciation PPE Assets opening balance - Note 35.7	46,169	46,169
	Total	64,853,745	56,570,211
35.2	Statement of Financial Performance		
	Balance previously reported	8,732,805	
	Service Charges correction of error - Note 35.3	(174,711)	
	Property Taxes correction of error - Note 35.4	(1,743)	
	Water Levies Paid DWAF - 2011/2012 - Note 35.5	(10,558)	
	Workman's Compensation Correction of error 2011/2012 - Note 35.5	(56,603)	
	Work in Progress correction of error - Note 35.7	(36,106)	
	Leave Provision Incorrectly Calculated Correction of error - Note 35.6	(66,434)	
	Accumulated Depreciation Intangible Assets Prior Years - Note 35.9	1,572	
	Accumulated Depreciation First time recognition PPE Prior Years - Note 35.7	(45,257)	
	Accumulated Depreciation Investment Property Prior Years - Note 35.10	(152)	
	Accumulated Depreciation PPE Prior Years - Note 35.7	(59,277)	
	Total	8,283,535	
35.3	Trade Receivables from Exchange Transactions		
	Balance previously reported	7,219,064	
	Service charges incorrectly levied during 2010/2011 - Note 35.1	(174,711)	
	Restated Balance	7,044,353	

	2012 R
35.4 Other Receivables from Non-Exchange Transactions	
Balance previously reported	748,254
Property Rates incorrectly levied during 2010/2011 - Note 35.1	(1,743)
Restated Balance	746,511
35.5 Trade Payables from Exchange Transactions	
Balance previously reported	2,024,807
Water Levies Paid DWAF - 2011/2012 - Note 35.1	71,352
Previous Municipal Manager Salary Claim - Note 35.1	418,000
Correction of Workman's Compensation - Note 35.1	56,603
Restated Balance	2,570,762
35.6 Property, Plant and Equipment - Cost	
Balance previously reported	61,252,351
Work in progress corrected to expenditure - Note 35.1	(36,106)
First-time recognition of assets found during asset count - Note 35.1	318,713
Restated Balance	61,534,958
35.7 Property, Plant and Equipment - Accumulated Depreciation	
Balance previously reported	8,507,904
First-time recognition of assets found during asset count Opening Balance - Note 35.1	45,258
Correction of depreciation calculation opening balance - Note 35.1	(46,169)
Correction of depreciation calculation 2012 depreciation - Note 35.1	59,277
First-time recognition of assets found during asset count 2012 Depreciation - Note 35.1	45,258
Restated Balance	8,611,528
35.8 Current Employee Benefits	
Balance previously reported	649,515
Correction of Leave Provision Opening Balances - Note 35.1	31,695
Correction of Leave Provision 201/2012 - Note 35.1	66,434
Restated Balance	747,644
35.9 Intangible Assets - Accumulated Depreciation	
Balance previously reported	126,590
Correction of Accumulated Depreciation Opening Balance - Note 35.1	(16,771)
Correction of Accumulated Depreciation 2011/2012 - Note 35.1	(1,572)
Restated Balance	108,247
35.10 Investment Property - Accumulated Depreciation	
Balance previously reported	5,624
Correction of opening classification - Note 35.1	(155)
Amortisation for 2011/2012 calculated incorrectly - Note 35.1	152
Restated Balance	5,621

PRINCE ALBERT MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
36 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS			
(Deficit) / Surplus for the year		2,172,567	8,283,535
Adjustments for:			
Depreciation		1,650,809	1,484,494
Amortisation of Intangible Assets		39,791	39,530
Disposal of Biological Assets		-	
Grants received		26,105,867	27,544,271
Grants Repaid to National Revenue Fund		-	-
Grants recognised as revenue		(24,223,436)	(27,241,209)
Debt Impairment		3,015,594	234,825
Bad Debts Written off		(1,610,222)	(45,042)
Contribution to provision		626,792	65,602
Contribution to staff leave		342,936	227,357
Staff leave expenditure incurred		(190,655)	(37,441)
Contribution to staff bonus		84,282	32,877
Staff bonus expenditure incurred		(53,343)	-
Contribution from/to employee benefits		215,930	208,268
Actuarial (Gains)/Loss		300,630	214,899
Impairment written off		1,319	399
Operating lease income accrued		(15,357)	(2,816)
Operating (Deficit)/Surplus before changes in working capital		8,463,503	11,009,549
Changes in working capital		(701,415)	(305,437)
(Decrease)/Increase in Trade and Other Payables		(432,882)	(55,163)
(Decrease) in Unspent Conditional Government Grants and Receipts		-	-
Increase/(Decrease) in Taxes		(251,651)	1,388,913
(Increase) in Inventory		113,215	(4,283)
(Increase) in Trade and other receivables		(130,098)	(1,634,904)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts		-	-
Cash (absorbed)/generated by operations		7,762,088	10,704,112
37 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Call Investments Deposits - Note 21		2,380,777	3,566,368
Cash Floats - Note 21		1,700	1,700
Bank - Note 21		638,897	5,466
Bank overdraft - Note 21		(528,316)	(77,780)
Total cash and cash equivalents		2,493,057	3,495,754
38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES			
Cash and Cash Equivalents - Note 37		2,493,057	3,495,754
Less:		2,493,057	3,495,754
Unspent Committed Conditional Grants - Note 10		3,321,219	1,474,866
VAT - Note 11		(3,321,219)	-
Resources available for working capital requirements		(828,162)	2,020,888
39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		2013 R	2012 R
Long-term Liabilities - Note 3		177,866	185,902
Used to finance property, plant and equipment - at cost		(177,866)	(185,902)
Cash set aside for the repayment of long-term liabilities		-	-
Cash invested for repayment of long-term liabilities		-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

40

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2013
R

2012
R

40.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	17,990,623	15,832,059
Unauthorised expenditure current year - capital	484,423	-
Unauthorised expenditure current year - operating	4,927,028	2,158,564
Unauthorised expenditure current year - Unspent grants utilised to fund operating expenditure	828,162	-
Written off by council	-	-
Unauthorised expenditure awaiting authorisation	24,230,236	17,990,623

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure of approved budget</i>	None

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Unauthorised expenditure current year - operating				
EXECUTIVE AND COUNCIL	4,531,747	4,291,000	240,747	6%
FINANCE AND ADMINISTRATION	5,267,245	4,535,200	732,045	16%
CORPORATE SERVICES	3,510,736	3,487,857	22,879	1%
PLANNING AND DEVELOPMENT	298,922	380,800	(81,878)	-22%
COMMUNITY AND SOCIAL SERVICES	1,622,940	1,854,450	(231,510)	-12%
PUBLIC SAFETY	1,372,495	2,581,100	(1,208,605)	-47%
SPORT AND RECREATION	260,829	282,400	(21,571)	-8%
WASTE MANAGEMENT	1,683,097	1,110,000	573,097	52%
WASTE WATER MANAGEMENT	2,154,538	1,414,735	739,803	52%
ROAD TRANSPORT	2,798,514	2,100,400	698,114	33%
WATER	2,673,543	1,679,510	994,033	59%
ELECTRICITY	10,187,909	9,261,600	926,309	10%
OTHER	3,155,656	15,866,000	(12,710,344)	-80%
	39,518,172	48,845,052	(9,326,880)	-19%
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Unauthorised expenditure current year - capital				
EXECUTIVE AND COUNCIL	-	-	-	0%
FINANCE AND ADMINISTRATION	-	-	-	0%
CORPORATE SERVICES	128,110	119,220	8,890	7%
PLANNING AND DEVELOPMENT	-	-	-	0%
COMMUNITY AND SOCIAL SERVICES	143,192	894,000	(750,808)	-84%
PUBLIC SAFETY	-	-	-	0%
SPORT AND RECREATION	3,878,728	3,840,000	38,728	1%
WASTE MANAGEMENT	-	-	-	0%
WASTE WATER MANAGEMENT	271,879	71,100	200,779	282%
ROAD TRANSPORT	3,144,757	4,070,780	(926,023)	-23%
WATER	766,026	530,000	236,026	45%
ELECTRICITY	-	-	-	0%
OTHER	-	-	-	0%
	8,332,692	9,525,100	(1,192,408)	-13%

		2013	2012
	R	R	
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED			
40.2 <u>Fruitless and wasteful expenditure</u>			
Reconciliation of fruitless and wasteful expenditure:			
Opening balance	350,718	1,074,064	
Fruitless and wasteful expenditure current year	450,245	341,279	
Written off by council	(800,963)	(1,064,625)	
Transfer to receivables for recovery	-	-	
Fruitless and wasteful expenditure awaiting further action	<u>-</u>	<u>350,718</u>	
Incident	Disciplinary steps/criminal proceedings		
<i>Fruitless and Wasteful Expenditure relating to suspended CFO.</i>	<i>None</i>	32,245	287,074
<i>Fruitless and Wasteful Expenditure relating to former Municipal Manager.</i>	<i>None</i>	418,000	53,235
<i>Interest on late payments of creditors</i>	<i>None</i>	-	10,409
		<u>450,245</u>	<u>350,718</u>
		2013	2012
		R	R
40.3 <u>Irregular expenditure</u>			
Opening balance	7,016,090	5,171,537	
Irregular expenditure current year	-	1,844,553	
Written off by council	-	-	
Transfer to receivables for recovery	-	-	
Irregular expenditure awaiting further action	<u>7,016,090</u>	<u>7,016,090</u>	
Incident	Disciplinary steps/criminal proceedings		
<i>Appointment of six personal assistants by the previous Council</i>	<i>None</i>	-	144,000
<i>Irregular Expenditure: Expenditure has been incurred with regards to Sherpa but is not in compliance with the Supply Chain Management Policy.</i>	<i>This contract renewal was signed by the previous MM without following SCM policy. This incident was reported to council and is still under investigation</i>	-	1,378,504
<i>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to P D Naidoo</i>	<i>It was initially taken to council but has since been approved by the bid committee.</i>	-	132,855
<i>Irregular Expenditure: Expenditure has been incurred but is not in compliance with the Supply Chain Management Policy with regards to Syntell</i>	<i>It was initially taken to council but has since been approved by the bid committee.</i>	-	63,194
<i>Irregular Expenditure relating to Acting</i>	<i>None</i>	-	5,171,537
<i>Irregular Expenditure relating to Acting Director Community Services</i>	<i>None</i>	-	126,000
		<u>-</u>	<u>7,016,090</u>
		2013	2012
40.4 <u>Material Losses</u>			
Water distribution losses			
- Kilo litres disinfected/purified/purchased	470,656	460,119	
- Kilo litres lost during distribution	15,799	57,576	
- Percentage lost during distribution	3.36%	12.51%	
- Value of distribution losses	R 103,641	R 377,699	
Electricity distribution losses			
- Units purchased (Kwh)	10,211,333	10,052,972	
- Units lost during distribution (Kwh)	1,274,328	768,664	
- Percentage lost during distribution	12.48%	7.65%	
- Value of distribution losses	R 981,233	R 530,378	

		2013 R	2012 R
41	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
41.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	200,000	100,000
	Amount paid - current year	(200,000)	(100,000)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
41.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	3,840
	Current year audit fee	1,745,828	1,079,860
	External Audit - Auditor-General	1,745,828	1,030,380
	Internal Audit	-	-
	Audit Committee	-	49,480
	Amount paid - current year	(1,745,828)	(1,079,860)
	Amount paid - previous year	-	(3,840)
	Balance unpaid (included in creditors)	-	-
41.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	497,613	2,480,364
	VAT inputs	3,175,587	2,914,102
	VAT outputs	(1,838,016)	(1,868,865)
	Paid	15,217	62,291
	Received	(1,391,498)	(3,090,279)
	Closing balance - Receivable	458,903	497,613
	Vat in suspense due to cash basis of accounting		
	Input VAT	540,832	3,175,408
	Output VAT	(101,309)	(2,987,535)
	Receivable	439,524	187,873
41.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	48,564	165,306
	Current year payroll deductions and Council Contributions	1,997,694	1,753,144
	Amount paid - current year	(2,046,258)	(1,869,886)
	Balance unpaid (included in creditors)	-	48,564
41.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	266,345
	Current year payroll deductions and Council Contributions	1,473,220	1,820,645
	Amount paid - current year	(1,473,220)	(2,086,990)
	Balance unpaid (included in creditors)	-	-
41.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:		
		2013 R	2012 R
		Outstanding	Outstanding
	Councillor KJS Stols	-	5,631
	Councillor IJ Windvogel	-	7,850
	Total Councillor Arrear Consumer Accounts	-	13,481

41.7 Non-compliance with Chapter 14 of the Municipal Finance Management Act

Non-compliance to the Supply Chain Management Regulations were identified on the following categories:

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Various Suppliers	12,906	428,250	-	-
	<u>12,906</u>	<u>428,250</u>	<u>-</u>	<u>-</u>

The SCM deviations were condoned by Council at its monthly meetings held.

The council on two occasions submitted the section 71 reports late namely: December 2011 and April 2012.

42	CAPITAL COMMITMENTS	Commitments in respect of capital expenditure:	2013	2012
			R	R
	Approved and contracted for:		3,094,840	5,625,978
			<u>3,094,840</u>	<u>5,625,978</u>
	Total commitments consist out of the following:			
	Thusong Centre	192,617	-	
	Infrastructure and Sports Fields	878,398	5,376,357	
	Leeu Gamka Housing	726,808	-	
	Finance Leases	291,919	249,621	
		<u>2,089,742</u>	<u>5,625,978</u>	
	This expenditure will be financed from:			
	Government Grants	2,802,921	5,625,978	
	Operating Budget	291,919		
		<u>3,094,840</u>	<u>5,625,978</u>	
			2013	2012
			R	R

43 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	23,135	25,353
0.5% (2012 - 0.5%) Decrease in interest rates	(11,567)	(12,676)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 18 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Debtors</u>				
Rates	0.00%	110,216	0.00%	-
<u>Exchange Debtors</u>				
Electricity	7.92%	392,848	11.19%	418,696
Water	6.99%	346,924	5.08%	190,143
Refuse	3.70%	183,456	2.19%	81,945
Sewerage	5.61%	278,109	3.45%	129,075
Other	0.09%	4,495	0.05%	1,826
	24.31%	1,205,832	21.96%	821,685

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
Rates	100.00%	660,360	100.00%	473,196
<u>Exchange Debtors</u>				
Electricity	20.40%	1,011,800	19.60%	733,328
Water	33.89%	1,680,878	33.39%	1,249,253
Refuse	16.67%	826,799	14.31%	535,394
Sewerage	22.21%	1,101,572	18.91%	707,369
Other	6.83%	23,249	0.60%	19,470
	100.00%	4,959,804	100%	3,741,596

The provision for bad debts could be allocated between the different categories of debtors as follows:

Government	0.00%	-	0.00%	-
Industrial	2.48%	123,003	2.48%	80,471
Municipal	0.00%	0.00%	0.00%	-
Residential	96.48%	4,785,219	96.48%	3,130,596
Other	1.04%	51,582	1.03%	33,747
	100.00%	4,959,804	100%	3,741,596

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

	2013 R	2012 R
Financial assets exposed to credit risk at year end are as follows:		
Trade receivables and other receivables	2,300,799	3,576,073
Cash and Cash Equivalents	3,021,374	3,573,534
Unpaid conditional grants and subsidies	-	36,078
	<u>5,322,173</u>	<u>7,185,685</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Non-Current Provisions	1,430,352	-	-	1,921,910
Capital repayments	1,392,488	-	-	611,941
Interest	37,864	-	-	1,309,969
Long Term liabilities	82,453	118,912	-	-
Capital repayments	75,939	114,256	-	-
Interest	6,514	4,656	-	-
Trade and Other Payables	2,137,880	-	-	-
Unspent conditional government grants and receipts	3,321,219	-	-	-
Cash and Cash Equivalents	528,316	-	-	-
	<u>7,500,220</u>	<u>118,912</u>	<u>-</u>	<u>1,921,910</u>
2012				
Non-Current Provisions	403,405	633,151	-	841,946
Capital repayments	384,195	546,940	-	446,502
Interest	19,210	86,211	-	395,444
Long Term liabilities	56,329	149,848	-	-
Capital repayments	47,222	138,679	-	-
Interest	9,107	11,169	-	-
Trade and Other Payables	2,570,762	-	-	-
Unspent conditional government grants and receipts	1,474,866	-	-	-
Cash and Cash Equivalents	77,780	-	-	-
	<u>4,583,142</u>	<u>782,999</u>	<u>-</u>	<u>841,946</u>

			2013 R	2012 R
44	FINANCIAL INSTRUMENTS			
		In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
		The fair value of financial instruments approximates the amortised costs as reflected below.		
44.1	<u>Financial Assets</u>	<u>Classification</u>		
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	2,162,589	3,302,758
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	2,380,777	3,566,368
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	638,897	5,466
	Cash Floats and Advances	Financial instruments at amortised cost	1,700	1,700
			5,183,962	6,876,292
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		5,183,962	6,876,292
	At amortised cost		5,183,962	6,876,292
	FINANCIAL INSTRUMENTS (CONTINUE)			
44.2	<u>Financial Liability</u>	<u>Classification</u>		
	Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	101,927	138,680
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	1,272,681	1,921,782
	Unidentified deposits	Financial instruments at amortised cost	-	-
	Rent		-	-
	Debtors with credit balances		422,815	440,829
	Retention	Financial instruments at amortised cost	440,889	203,532
	Deposits	Financial instruments at amortised cost	1,495	4,620
	Other	Financial instruments at amortised cost	-	-
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	75,939	47,222
			2,315,746	2,756,664
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		2,315,746	2,756,664
45	EVENTS AFTER THE REPORTING DATE			

The municipality has no events after reporting date during the financial year ended 2010/2011.

46 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

47 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

48 CONTINGENT LIABILITY

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

The council have received correspondence from Leon Dorfling and others regarding water rights in Klaarstroom and the estimated amount for this claim is R 350 000.00

The council has received correspondence from Markotter Attorneys regarding a claim from SHERPA and the estimated amount for this claim is R 628 000.00

49 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

49.1 Related Party Transactions

	Rates - Levied 1 Jul 12 - 30 Jun 13	Service - Levied 1 Jul 12-30 Jun 13
--	--	---

Year ended 30 JUNE 2013

Councillors

Councillor G. Lottering	161	2,987
Councillor N.S. Abrahams	59	1,831
Councillor C. Stols	Tenant	1,718
Councillor C.D. Bower	3,378	23,137
Councillor A.L. Rabie	2,258	16,838
Councillor I.J. Windvogel	62	3,081

Municipal Manager and Section 57 Employees

H Mettler	Tenant	11,981
J.J. van der Westhuizen	Tenant	1,339

The rates, service charges and other charges are in accordance with approved tariffs that were

49.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans

49.3 Compensation of key management personnel

The compensation of key management personnel is set out in note to the Annual Financial Statements.

49.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

None

30 JUNE 2013

Reconciliation of Carrying Value	Cost								Accumulated Depreciation				Carrying Value	
	Opening Balance R	Transfers	Correction of Error	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers R	Correction of Errors R	Additions R	Disposals R	Closing Balance R		
Land and Buildings	7,578,616	-	-	-	-	7,578,616	108,427	-	-	-	37,866	-	146,293	7,432,322
Land	3,791,979	-	-	-	-	3,791,979	-	-	-	-	-	-	-	3,791,979
Buildings	3,786,637	-	-	-	-	3,786,637	108,427	-	-	37,866	-	146,293	-	3,640,343
Infrastructure	38,606,183	-	-	4,833,769	-	43,439,952	6,833,795	-	-	931,261	-	7,765,056	35,674,896	
Main: Roads	9,875,294	951,380	-	2,693,434	-	13,520,108	2,620,395	-	-	267,934	-	2,888,329	-	10,631,780
Main: Waste Management	13,865,624	-	-	-	-	13,865,624	917,639	-	-	322,376	-	1,240,015	-	12,625,609
Main: Electricity	2,751,771	-	-	-	-	2,751,771	1,078,977	-	-	63,362	-	1,142,339	-	1,609,432
Main: Water	10,876,194	-	-	1,461,908	-	12,338,102	2,216,784	-	-	277,589	-	2,494,373	-	9,843,728
Taxi Ranks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airfield	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	1,237,300	-951,380	-	678,428	-	964,348	-	-	-	-	-	-	-	964,348
Reservoirs/Tanks and Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	10,991,499	-	-	2,857,999	-	13,849,498	197,649	-	-	77,673	-	275,322	13,574,176	
Recreation Grounds	281,784	2,305,100	-	2,857,999	-	5,444,883	7,038	-	-	2,283	-	9,321	-	5,435,563
Civic Buildings	961,600	-	-	-	-	961,600	29,649	-	-	9,616	-	39,265	-	922,335
Transfer Station	292,901	-	-	-	-	292,901	87,173	-	-	41,843	-	129,016	-	163,885
Libraries	1,177,450	-	-	-	-	1,177,450	36,305	-	-	11,775	-	48,080	-	1,129,371
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus Terminals	78,670	-	-	-	-	78,670	2,426	-	-	787	-	3,213	-	75,457
Work in Progress	7,010,443	-2,305,100	-	-	-	4,705,343	-	-	-	-	-	-	-	4,705,343
Cemetery	51,650	-	-	-	-	51,650	-	-	-	-	-	-	-	51,650
Museum	1,137,000	-	-	-	-	1,137,000	35,058	-	-	11,370	-	46,428	-	1,090,572
Lease Assets	239,671	-	-	52,248	-	291,919	37,328	-	-	56,029	-	93,357	198,563	
Office Equipment	239,671	-	-	52,248	-	291,919	37,328	-	-	56,029	-	93,357	-	198,563
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	4,119,258	-	-	612,192	-	4,731,450	1,434,329	-	-	515,004	-	1,949,333	2,782,117	
Motor Vehicles	713,466	-	448,890	-	1,162,356	220,063	-	-	-	76,367	-	296,430	-	865,926
Plant and Equipment	380,582	-	-	-	380,582	154,529	-	-	-	38,402	-	192,931	-	187,651
Office Equipment	369,027	-	25,311	-	394,338	176,233	-	-	-	55,537	-	231,770	-	162,567
Furniture and Equipment	594,528	-	29,826	-	624,355	214,595	-	-	-	85,829	-	300,424	-	323,931
Loose Equipment	144,869	-	75,404	-	220,273	19,711	-	-	-	18,492	-	38,203	-	182,070
Computer Equipment	798,065	-	32,761	-	830,826	333,153	-	-	-	153,767	-	486,920	-	343,906
Specialised Vehicles	1,116,900	-	-	-	1,116,900	315,057	-	-	-	86,262	-	401,319	-	715,581
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Fighting Equipment	1,821	-	-	-	-	1,821	988	-	-	348	-	1,336	-	485
	61,535,227	-	-	8,356,209	-	69,891,435	8,611,528	-	-	1,617,833	-	10,229,361	59,662,074	

Reconciliation of Carrying Value	Cost								Accumulated Depreciation				Carrying Value
	Opening Balance R	Transfers R	Correction of Error R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Transfers R	Correctio of Errors R	Additions R	Disposals R	Closing Balance R	
Land and Buildings	7,578,616	-	-	-	-	7,578,616	67,405	-	-	41,022	-	108,427	7,470,189
Land	3,791,979	-	-	-	-	3,791,979	-	-	-	-	-	-	3,791,979
Balance Previously Reported	3,791,979					3,791,979							3,791,979
Correction of Error	-					-							-
Buildings	3,786,637	-	-	-	-	3,786,637	67,405	-	41,022	-	108,427	3,678,210	
Balance Previously Reported	3,786,637					3,786,637	70,621		37,866		108,487	3,678,150	
Correction of Error	-					-	(3,216)		3,156		(60)	0	
Infrastructure	33,566,450	-	-	5,039,463	-	38,605,913	6,010,126	-	-	823,669	-	6,833,795	31,772,118
Main: Roads	9,453,745	-	-	421,549		9,875,294	2,381,685	-	-	238,709		2,620,395	7,254,899
Balance Previously Reported	9,453,745			421,549		9,875,294	2,482,072		242,832		2,724,904	7,150,390	
Correction of Error	-			-		-	(100,387)		(4,123)		(104,509)	104,509	
Main: Waste Management	11,068,722	-	-	2,796,901		13,865,624	661,851	-	-	255,788		917,639	12,947,985
Balance Previously Reported	11,068,722			2,796,901		13,865,624	680,430		247,487		927,918	12,937,706	
Correction of Error	-			-		-	(18,579)		8,301		(10,279)	10,279	
Main: Electricity	2,751,771	-	-	-		2,751,771	1,015,320	-	-	63,657		1,078,977	1,672,794
Balance Previously Reported	2,751,771			-		2,751,771	931,469		54,207		985,675	1,766,095	
Correction of Error	-			-		-	83,851		9,450		93,301	(93,301)	
Main: Water	10,292,212	-	-	583,982		10,876,194	1,951,270	-	-	265,514		2,216,784	8,659,410
Balance Previously Reported	10,292,212			583,982		10,876,194	1,958,783		265,292		2,224,075	8,652,120	
Correction of Error	-			-		-	(7,513)		223		(7,290)	7,290	
Taxi Ranks	-	-	-	-		-	-	-	-	-	-	-	
Balance Previously Reported	-			-		-	-		-		-	-	
Correction of Error	-			-		-	-		-		-	-	
Airfield	-	-	-	-		-	-	-	-	-	-	-	
Balance Previously Reported	-			-		-	-		-		-	-	
Correction of Error	-			-		-	-		-		-	-	
Work in Progress	-	-	-	1,237,030		1,237,030	-	-	-	-	-	1,237,030	
Balance Previously Reported	-			1,249,250		1,249,250						1,249,250	
Correction of Error	-			(12,220)		(12,220)						(12,220)	
Reservoirs/Tanks and Pumps	-	-	-	-		-	-	-	-	-	-	-	
Balance Previously Reported	-			-		-	-		-		-	-	
Correction of Error	-			-		-	-		-		-	-	

	Opening Balance	Transfers	Correction of Error	Cost			Closing Balance	Opening Balance	Transfers	Accumulated Depreciation			Disposals	Closing Balance	Carrying Value
				R	R	R				R	R	R			
	5,853,362	-	-	5,138,136	-	10,991,499	113,502	-	-	84,147	-	197,649	R	10,793,850	
Community Assets															
Recreation Grounds	281,784	-	-	-	-	281,784	4,565	-	-	2,473	-	7,038	274,747		
Balance Previously Reported	281,784					281,784	4,759			2,283		7,041	274,743		
Correction of Error						(194)				190		(4)	4		
Civic Buildings	961,600	-	-	-	-	961,600	19,232	-	-	10,417	-	29,649	931,951		
Balance Previously Reported	961,600					961,600	20,049			9,616		29,665	931,935		
Correction of Error						(817)				801		(15)	15		
Transfer Station	292,901	-	-	-	-	292,901	41,843	-	-	45,330		87,173	205,728		
Balance Previously Reported	292,901					292,901	45,397			41,843		87,240	205,661		
Correction of Error						(3,554)				3,487		(67)	67		
Libraries	1,177,450	-	-	-	-	1,177,450	23,549	-	-	12,756	-	36,305	1,141,145		
Balance Previously Reported	1,177,450					1,177,450	24,549			11,775		36,324	1,141,126		
Correction of Error						(1,000)				981		(19)	19		
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance Previously Reported															
Correction of Error															
Bus Terminals	78,670	-	-	-	-	78,670	1,573	-	-	853	-	2,426	76,244		
Balance Previously Reported	78,670					78,670	1,640			787		2,427	76,243		
Correction of Error						(67)				66		(1)	1		
Work in Progress	1,872,307	-	-	5,138,136	-	7,010,443	-	-	-	-	-	-	7,010,443		
Balance Previously Reported	1,872,307			5,162,022		7,034,329							7,034,329		
Correction of Error				(23,886)		(23,886)							(23,886)		
Cemetery	51,650	-	-	-	-	51,650	-	-	-	-	-	-	51,650		
Balance Previously Reported	51,650					51,650							51,650		
Correction of Error															
Museum	1,137,000	-	-	-	-	1,137,000	22,740	-	-	12,318		35,058	1,101,942		
Balance Previously Reported	1,137,000					1,137,000	23,706			11,370		35,076	1,101,924		
Correction of Error						(966)				948		(18)	18		
Lease Assets	90,072	-	-	149,599	-	239,671	-	-	-	37,328	-	37,328	202,343		
Office Equipment	90,072	-	-	149,599		239,671	-	-	-	37,328		37,328	202,343		
Balance Previously Reported	90,072			149,599		239,671	1,020			38,748		39,768	199,903		
Correction of Error						(1,020)				(1,420)		(2,440)	2,440		

	Opening Balance	Transfers	Correction of Error	Cost			Opening Balance	Transfers	Accumulated Depreciation			Disposals	Closing Balance	Carrying Value
				Additions	Disposals	Closing Balance			R	R	R			
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	3,911,518	-	-	207,741	-	4,119,258	962,242	-	-	472,088	-	1,434,329	2,684,929	
Motor Vehicles	713,466	-	-	-	-	713,466	166,116	-	-	53,947	-	220,063	493,403	
Balance Previously Reported	713,466	-	-	-	-	713,466	108,261	-	-	34,640	-	142,901	570,565	
Correction of Error	-	-	-	-	-	57,855	-	-	-	19,307	-	77,162	(77,162)	
Plant and Equipment	380,582	-	-	-	-	380,582	114,886	-	-	39,643	-	154,529	226,053	
Balance Previously Reported	345,296	-	-	-	-	345,296	119,386	-	-	35,516	-	154,902	190,394	
Correction of Error - Depreciation Changes	-	-	-	-	-	(7,830)	-	-	-	797	-	(7,033)	7,033	
Correction of Error - First Time Recognition	35,286	-	-	-	-	35,286	3,330	-	-	3,330	-	6,660	28,626	
Office Equipment	357,090	-	11,937	-	-	369,027	125,763	-	-	50,470	-	176,233	192,794	
Balance Previously Reported	290,398	-	11,937	-	-	302,335	108,561	-	-	33,200	-	141,761	160,574	
Correction of Error - Depreciation Changes	-	-	-	-	-	-	4,080	-	-	4,148	-	8,228	(8,228)	
Correction of Error - First Time Recognition	66,692	-	-	-	-	66,692	13,122	-	-	13,122	-	26,244	40,448	
Furniture and Equipment	528,784	-	65,744	-	-	594,528	133,004	-	-	81,592	-	214,595	379,933	
Balance Previously Reported	491,141	-	65,744	-	-	556,886	136,785	-	-	71,051	-	207,835	349,051	
Correction of Error - Depreciation Changes	-	-	-	-	-	(8,995)	-	-	-	5,327	-	-3,668	3,668	
Correction of Error - First Time Recognition	37,643	-	-	-	-	37,643	5,214	-	-	5,214	-	10,428	27,215	
Loose Equipment	144,869	-	-	-	-	144,869	5,009	-	-	14,702	-	19,711	125,158	
Balance Previously Reported	23,731	-	-	-	-	23,731	5,207	-	-	2,394	-	7,601	16,130	
Correction of Error - Depreciation Changes	-	-	-	-	-	(12,312)	-	-	-	194	-	(12,118)	12,118	
Correction of Error - First Time Recognition	121,138	-	-	-	-	121,138	12,114	-	-	12,114	-	24,228	96,910	
Computer Equipment	668,006	-	130,059	-	-	798,065	193,868	-	-	139,285	-	333,153	464,912	
Balance Previously Reported	610,393	-	130,059	-	-	740,452	194,922	-	-	123,046	-	317,968	422,485	
Correction of Error - Depreciation Changes	-	-	-	-	-	(12,464)	-	-	-	4,829	-	-7,635	7,635	
Correction of Error - First Time Recognition	57,613	-	-	-	-	57,613	11,410	-	-	11,410	-	22,820	34,793	
Specialised Vehicles	1,116,900	-	-	-	-	1,116,900	222,970	-	-	92,087	-	315,057	801,843	
Balance Previously Reported	1,116,900	-	-	-	-	1,116,900	235,945	-	-	89,486	-	325,432	791,469	
Correction of Error	-	-	-	-	-	(12,975)	-	-	-	2,601	-	(10,374)	10,374	
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance Previously Reported	-	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of Error	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fire Fighting Equipment	1,821	-	-	-	-	1,821	626	-	-	362	-	988	833	
Balance Previously Reported	1,480	-	-	-	-	1,480	624	-	-	280	-	904	576	
Correction of Error - Depreciation Changes	-	-	-	-	-	(66)	-	-	-	14	-	-52	52	
Correction of Error - First Time Recognition	341	-	-	-	-	341	68	-	-	68	-	136	205	
	51,000,018	-	-	10,534,939	-	61,534,957	7,153,275	-	-	1,458,254	-	8,611,528	52,923,429	

12 PROPERTY, PLANT AND EQUIPMENT

Effect of changes in accounting estimates

The municipality performed the following actions which had an impact on the depreciation for the current and future periods:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.

The effect on Property, Plant and Equipment was the following

2013 R	2014 R	2015 R
-----------	-----------	-----------

APPENDIX A - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Rate	Serial Number	Redeemable	Balance at 30 JUNE 2012	Correction	Balance at 30 JUNE 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS							-		-
Total Annuity Loans				-	-	-	-	-	-
LEASE LIABILITY									
Minolta B501 Copier	6.36%	5041004826	30/06/2016	77,245	-	77,245	-	17,479	59,766
Minolta B283	6.36%	F041005111	31/07/2016	40,052	-	40,052	-	9,098	30,954
Minolta C280	6.36%	D042005385	30/09/2015	73,823	-	73,823	-	17,660	56,163
Minolta B250	6.36%	21206422	30/09/2014	6,866	-	6,866	-	2,986	3,880
7 Tablets	0.00%	Samsung	31/12/2014				52,248	13,062	39,186
TOTAL EXTERNAL LOANS				197,986	-	197,986	52,248	60,284	189,950

APPENDIX B - Unaudited
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2012	Correction of error	Balance 30 JUNE 2012	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Recognised	Repaid to National Revenue Fund	Balance 30 June 2013	Unspent 30 June 2013 (Creditor)	Unpaid 30 June 2013 (Debtor)
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS											
National Government Grants	R	R	R	R	R	R	R	R	R	R	R
Equitable Share	-	-	-	10,586,000	10,586,000	-			-	-	-
Local Government Financial Management Grant	(36,000)	-	(36,000)	1,250,000	1,214,000	-			-	-	-
Municipal Infrastructure Grant	174,482	-	174,482	8,558,000	432,832	7,740,609	559,041		(0)	-	(0)
Municipal Systems Improvement Grant	(78)	-	(78)	800,000	799,922	-			0	-	-
Public Transport Infrastructure	-	-	-	2,000,000	116,505	-			1,883,495	-	-
Integrated National Electrification Program	-	-	-	400,000	100,201	-			299,799	-	-
Financial Management Improvement Grant	-	-	-							299,799	
Total National Government Grants	138,404	-	138,404	23,594,000	13,249,460	7,740,609	559,041	-	2,183,294	2,183,294	(0)
Provincial Government Grants											
Provincial Contribution	-	-	-	-	-	-	-	-	-	-	-
EPWP	-	-	-	1,000,000	1,000,000	-			-	-	-
EPWP District Mun.	220,000	-	220,000	461,000	681,000	-			-	-	-
CDW	-	-	-	108,000	108,000	-			-	-	-
Thusong Centre	210,384	-	210,384	218,500	17,767	-			411,117	411,117	-
Library Grant	-	-	-	724,367	724,367	-			-	-	-
Total Provincial Government Grants	430,384	-	430,384	2,511,867	2,531,134	-	-	-	411,117	411,117	-
Other Grant Providers											
Taxi Rank	-	-	-	-	-	-	-	-	-	-	-
Remuneration Ward Committee Members	-	-	-	-	-	-	-	-	-	-	-
Low Cost Housing	-	-	-	-	-	-	-	-	-	-	-
Capital Replacement Reserve	-	-	-	-	-	-	-	-	-	-	-
Housing Planning Klaarstroom	870,000	-	870,000	-	143,192	-			726,808	726,808	-
Water Services Plan	-	-	-	-	-	-			-	-	-
Total Other Grant Providers	870,000	-	870,000	-	143,192	-	-	-	726,808	726,808	-
Total	1,438,788	-	1,438,788	26,105,867	15,923,786	7,740,609	559,041	-	3,321,219	3,321,219	(0)